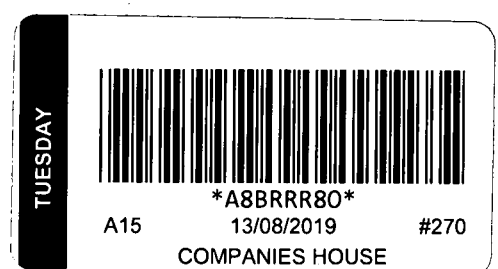


Company No. 00737334  
Registered Charity No. 230899  
Homes England No. H3295

**THE ABBEYFIELD LANCASTER  
SOCIETY LIMITED**

**FINANCIAL STATEMENTS**  
**For the year ended 31 March 2019**



# **THE ABBEYFIELD LANCASTER SOCIETY LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

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# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

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The trustees present their annual report on the affairs of the society, together with the financial statements for the year ended 31 March 2019.

The trustees' report also represents the directors' report as required by Company Law.

### Reference and Administrative Details

The full name of the charity is The Abbeyfield Lancaster Society Limited.

The society's charity registration number is 230899 and its company registration number is 00737334. It is also a registered social housing provider under the Housing Act 1996 (no. H3295).

President - The Lady Shuttleworth

The trustees who served during the year were:

#### Executive committee:

Mr B P Threlfall	Chairman
Mrs A K Howson	Secretary
Mr C P Whytock	Treasurer
Mr J Gilbert	
Mrs P R Gilbert	Resigned 20 October 2018
Mr N G Hall	
Mr R N Kirkman	
Mr A B Mackereth	Co-opted 15 January 2019
Mrs J E Threlfall	

Non-trustees who served on other committees during the year were:

Mr J Berry

The directors of the company during the year were:

Mr J Gilbert  
Mrs A K Howson  
Mr B P Threlfall  
Mr C P Whytock

The society's secretary is Mrs A K Howson

The registered office of the society is:

Chirnside House  
Abbeyfield Close  
Lancaster  
LA1 4NL

The website address of the charity is: <http://www.abbeyfieldlancaster.co.uk/>

Day to day management of the society is delegated to Mrs A K Howson, the society secretary and Mrs B A Gardner, the bursar.

Bankers	HSBC, 35 Market Street, Lancaster, LA1 1JQ.
Independent examiner	S Cassey, Baldwins, Fleet House, New Road, Lancaster, LA1 1EZ.
Solicitors	Holdens, 2 Castle Hill, Lancaster LA1 1YR.
Architects	Harrison & Pitt Architects Limited, 29 Castle Hill, Lancaster, LA1 1YN.
Investment advisers	Investec Wealth & Investment Limited, 5 George Square, Glasgow, G2 1DY.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

---

### Structure, Governance & Management

#### Governing Document

The society is a company limited by guarantee under the Companies Act 2006, without share capital. Its operation is governed by its Memorandum & Articles of Association dated 8 October 1962 and amended on 31 October 2006.

#### Appointment of trustees

The appointment of trustees is governed by provisions contained within the society's Articles of Association. These are as follows:

- At each AGM one third of the members of the Executive Committee must retire and, if desired, stand for re-election. The trustees to retire are those longest in office since their last election.
- The society, at the AGM, may fill the positions vacated by the retiring trustees by electing any persons thereto, or by re-electing the retiring members.
- The Executive Committee has the power to appoint any person to be a trustee either to fill a casual vacancy or in order to increase the number of trustees. Any trustee appointed in this way must retire at the following AGM and stand for re-election, if desired, at that meeting.
- Any member of the society, qualified to attend and vote at the AGM, is entitled to propose the appointment of a person to act as a trustee.
- Appointments to the society's committees are made by the Executive Committee.

#### Trustee induction and training

Trustees are given induction and training by the society secretary.

#### Organisation

The society is governed by its Executive Committee, consisting of not less than three nor more than eighteen members, which meets six times per year. Certain detailed work is delegated as follows:

- A budget meeting prepares the annual budget for approval by the Executive Committee.
- The Chirnside House Committee monitors the day-to-day operation of the registered residential care home. The committee meets on a monthly basis.
- The committees are assisted in their work by senior management, namely the bursar and the manager of the residential care home.

#### Connected charities

The society is one of around 200 similar societies, which exist throughout the United Kingdom to provide assisted living for older people. Co-operation between local societies is considerable although each retains its autonomy. There is also an umbrella organisation, The Abbeyfield Society, of which this society is a member. The Abbeyfield Society is divided into six administrative regions. Each has its own regional council composed of volunteers from societies in the region. The regional officers have regular meetings with each other, so that they can represent the views of their region through national committees.

The head office of the Abbeyfield Society is St Peter's House, 2 Bricket Road, St Albans, AL1 3JW. The staff at Head Office provide support for member societies. During the year the society incurred fees of £9,215 (2018 - £8,921) in respect of its membership of, and affiliation to The Abbeyfield Society.

#### Risk management

The trustees have assessed the major risks to which the society is exposed, in particular those related to the operations and finances of the society, and are satisfied that systems are in place to mitigate exposure to the major risks.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

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### Structure, Governance & Management (continued)

#### Financial risk management objectives and policies

The society has various financial assets and liabilities such as trade debtors and trade creditors arising directly from the society's operations.

Transactions in financial instruments result in the society assuming or transferring to another party one or more of the financial risks described below.

#### Price risk

The society has bought and sold investments which comprised of Bonds and Equities during the current and prior year.

#### Interest rate risk

The society is not exposed to fair value interest rate risk as it holds no bank overdrafts or loans.

#### Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

#### Liquidity and cash flow risk

The society's has positive cash flows and the cash at bank and in hand is more than sufficient to cover the needs of the society.

### Objectives & Activities

The society's principal objectives as set out in the Memorandum of Association are:

- The relief of aged, impotent and poor people of all classes
- The advancement of religion and education
- The pursuit of charitable activities beneficial to the community

The society was established in 1962 and it has pursued the foregoing objects by establishing, managing and developing homes in the Lancaster district that cater for the needs of the elderly. Two types of home have been developed – the supported sheltered home and the registered residential care home.

The society currently has one registered residential care home, Chirnside House, catering for thirty residents. This home provides twenty four hour care for the frail elderly.

Chirnside House is registered to cater for persons with dementia as well as the frail elderly.

In order to ensure the continuing comfort of the residents, all the windows have been replaced except for those which were replaced as a result of the kitchen refurbishment. The lift has also been refurbished this year.

The society depends considerably on the commitment and enthusiasm of its volunteers. The day to day management of Chirnside House is undertaken by a manager employed by the society. The manager reports to a House Committee of volunteers and to the trustees. Volunteers also provide significant time and effort in assisting with the day to day operation of the home.

Chirnside House has been approached by young people working towards their Duke of Edinburgh Award Scheme and the society has been pleased to be able to offer the opportunity for community service to these young people. The residents and staff greatly appreciate the input made by these volunteers.

Chirnside House has developed links with a nearby Day Nursery. Groups of children from the Nursery visit the House on a regular basis and enter into activities with the residents.

### Achievements and Performance

The occupancy level, a key indicator, averaged 94.3% (2018 – 90.6%) at Chirnside House.

All staff, including catering & domestic staff, have been trained to at least NVQ level 2 and most have been trained to NVQ level 3 whilst the remainder are receiving training for NVQ level 3. All staff undergo regular training updates.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

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### Value for Money metrics

In response to the Regulator of Social Housing Technical note of April 2018 the Society now reports on the Value for Money metrics. There are 7 metrics covered by this technical note.

#### **Metric 1 – Reinvestment %**

This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held.

The Society metric for reinvestment is 8.2%

#### **Metric 2 – New supply delivered %**

The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

No new supply has been delivered in the year of either social housing or non-social housing.

#### **Metric 3 – Gearing %**

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

The Society holds net cash and cash equivalents therefore the metric is negative at -23.5%

#### **Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %**

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity.

The Society paid no interest in the year and therefore the metric for interest cover is not applicable.

#### **Metric 5 – Headline social housing cost per unit**

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator.

The headline social housing cost per unit is £34,291.

#### **Metric 6 – Operating Margin %**

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.

The Society does not operate Social housing lettings therefore the operating margin is not applicable. The operating margin of the Society as a whole is 1.4%

#### **Metric 7 – Return on capital employed (ROCE) %**

This metric compares the operating surplus to total assets less current liabilities.

For the Society as a whole this is 0.7%.

### Public Benefit

Admission to Chirnside House is assessed according to need. Equal & fair access is offered to all eligible older people regardless of gender, family, race, colour, religion, sexual orientation or financial circumstances – some residents are self-funded whereas others are state funded. The Society's policy is to provide all residents with support, stimulation and encouragement to an appropriate level for their individual needs.

Residents are encouraged to follow their individual religious beliefs, should they wish to do so, and clergy from various denominations visit individual residents as well as holding corporate acts of worship.

Various activities & outings are arranged in consultation with the residents. However, participation is a matter of individual choice.

Residents raise money for charitable causes. The choice of charities to benefit from these money raising activities is decided by the residents.

Chirnside House has an active Residents' Circle which meets on a regular basis.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

The Trustees of The Abbeyfield Lancaster Society Limited believe they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

### Financial Review

The financial results for the year are as set out in the statement of financial activities on page 8 and the position at the end of the year is shown in the balance sheet on page 9. The surplus / (deficit) for the year and its allocation are as follows:

	2019 £	2018 £
Unrestricted operating surplus / (deficit)	12,458	(51,105)
Investment income, legacies, donations and sundry income	11,101	4,997
Investment management costs	(2,853)	(1,719)
Increase /(decrease) in market value of investments	7,528	(11,966)
<b>Unrestricted surplus / (deficit) for the financial year</b>	<b>28,234</b>	<b>(59,793)</b>
<b>Allocation:</b>		
Transfer (from) / to charitable capital expenditure reserve	(27,515)	92,637
Transfer to Swainson Bursary Fund	260	119
Transfer to Disposals Proceeds Fund	316	-
Transfer to / (from) revenue reserve	55,173	(152,549)
	<b>28,234</b>	<b>(59,793)</b>

### Financial Review (continued)

The main points arising from these accounts are as follows:

- An unrestricted operating surplus of £12,458 (2018: deficit £51,105) arose in the year from the operation of Chirnside House.
- Residential charges received rose to £909,815 (2018: £834,130), an increase of 9.1 %.
- Unrestricted house operating costs, excluding property depreciation, rose to £850,868 (2018: £837,251), an increase of 1.6%.
- The revenue reserves of the society increased to £459,422 (2018: £404,249).

The principal funding source is income from residential charges.

Movements in fixed assets in the year are shown in note 8 to the financial statements. Capital expenditure of £112,058 was incurred during the year.

The trustees consider the market value of the society's fixed assets to be in excess of their current book values.

Indemnity insurance in respect of the trustees has been provided by way of a block arrangement within the overall insurance policy for the house and no separate premium is identifiable.

### Investment powers and policy

The society is permitted by its Memorandum of Association to invest any funds not immediately required for its purposes in any investments, securities or property as may be thought fit. Funds subject to the jurisdiction of the Charity Commissioners may only be invested in such securities and with such sanction as may for the time being be prescribed by law.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2019

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The society's investment policy is a balance between long-term investment and some short-term investment to allow accessibility of some funds.

The society's investments, as shown in note 11 to the financial statements and comprising of Bonds, Unit Trusts and Equities were held during the year in accordance with the powers available to the trustees.

### Reserves Policy

The current policy of the society is to maintain free reserves at a level that equates to between 3 and 6 months of operating expenditure. The reserves policy is reviewed annually in order to take account of any changes in the environment in which the society operates.

Total unrestricted reserves held at the year end amounted to £955,522. Included in unrestricted reserves are designated reserves totalling £496,100 and further details of these are given in note 16 to the financial statements. The unrestricted revenue reserves, not committed or invested in tangible fixed assets ("free reserves") held by the society at 31 March 2019 amounted to £364,040. This equates to approximately five months of expected operating expenditure for 2019-20 which is within the level as set by the trustees. The trustees will take measures in future periods to maintain the level of reserves held.

### **Plans for future periods**

Amongst the Society's aims is to ensure that there is continued compliance in all areas of inspection with the Care Quality Commission.

The Society is compliant with the General Data Protection Regulations.

Chirside House is committed to interacting with the local community as much as is practicable and to give young people the opportunity to understand and become involved with the elderly.

The society is committed to working to meet the challenges arising from the impact of the Care Act.

Staff training now ensures that there are staff members who are specialists in core areas to further improve the care provided to the residents.

As well as providing high quality permanent care, Chirside House is also committed to providing the same high quality respite care for which there is an increasing demand from the local community.

### **Plans for future periods (continued)**

The society is committed to ensuring that all staff receive on-going training to ensure that the residents continue to receive the high quality of care which the society prides itself in providing.

### **Independent examiner**

A resolution will be proposed at the Annual General Meeting that S Cassey of Baldwins be re-appointed as independent examiner to the society for the ensuing year.

### **Statutory compliance**

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with requirements of the charity's Memorandum and Articles of Association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Executive Committee on

30-07-19.



**Mrs A K Howson**  
**Secretary and trustee**



# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Independent Examiner's report to the Trustees of The Abbeyfield Lancaster Society Limited

I report on the financial statements of the charitable company for the year ended 31 March 2019 as set out on pages 8 to 21.

### Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### Independent examiner's statement


Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**Baldwins**  
Fleet House  
New Road  
Lancaster  
LA1 1EZ



Susanna Cassey  
ICAEW Chartered Accountant

Date 9 Aug '19

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>Income and endowments from :</b>					
<b>Donations and legacies</b>					
- Donations and legacies		1,000	-	1,000	1,015
<b>Charitable activities</b>					
- Residential care for the frail elderly	1	909,815	-	909,815	834,130
<b>Investments</b>	2	10,091	-	10,091	3,982
<b>Other:</b>					
- Sundry income		10	-	10	-
<b>Total income and endowments</b>		<b>920,916</b>	<b>-</b>	<b>920,916</b>	<b>839,127</b>
<b>Expenditure on :</b>					
<b>Charitable activities</b>					
- Residential care for the frail elderly	3	(897,357)	(29,260)	(926,617)	(912,929)
<b>Investment management costs</b>		<b>(2,853)</b>	<b>-</b>	<b>(2,853)</b>	<b>(1,719)</b>
<b>Total expenditure</b>		<b>(900,210)</b>	<b>(29,260)</b>	<b>(929,470)</b>	<b>(914,648)</b>
<b>Net income / (expenditure) before investment losses</b>		<b>20,706</b>	<b>(29,260)</b>	<b>(8,554)</b>	<b>(75,521)</b>
Net gains / (losses) on investments		7,528	-	7,528	(11,966)
Transfer between funds		(316)	316	-	-
<b>Net income / (expenditure) and movement in funds for the year</b>		<b>27,918</b>	<b>(28,944)</b>	<b>(1,026)</b>	<b>(87,487)</b>
<b>Reconciliation of funds:</b>					
Total funds at 1 April 2018		927,604	918,082	1,845,686	1,933,173
<b>Total funds at 31 March 2019</b>		<b>955,522</b>	<b>889,138</b>	<b>1,844,660</b>	<b>1,845,686</b>

The statement of financial activities includes all gains and losses in the year.

All incoming resources and resources expended derive from continuing activities.

**THE ABBEYFIELD LANCASTER SOCIETY LIMITED**

Company number: 00737334

Charity number: 230899

**Balance Sheet****As at 31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	8	1,333,163	1,272,095
<b>Current assets</b>			
Stocks	9	4,433	3,578
Debtors	10	17,954	11,223
Investments	11	304,024	289,981
Cash at bank and in hand	12	291,443	345,777
		617,854	650,559
<b>Creditors: amounts falling due within one year</b>	13	(106,357)	(76,968)
<b>Net current assets</b>		511,497	573,591
<b>Total assets less current liabilities</b>		1,844,660	1,845,686
<b>Funds of the charity:</b>			
<b>Unrestricted funds</b>			
- Designated reserves	16	496,100	523,355
- General revenue reserve	16	459,422	404,249
		955,522	927,604
<b>Restricted funds</b>	16	889,138	918,082
<b>Total funds</b>		1,844,660	1,845,686

The directors consider that the society is entitled to exemption from the requirement to have an audit under the provisions of section 477 the Companies Act 2006 ("the Act") and members have not required the society to obtain an audit for the year in question in accordance with section 476 of the Act. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

**THE ABBEYFIELD LANCASTER SOCIETY LIMITED**

Company number: 00737334

Charity number: 230899

**Balance Sheet**

**As at 31 March 2019**

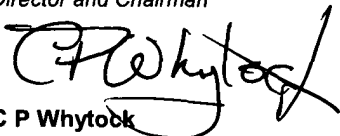
The financial statements on pages 8 to 21 were approved by the Board of Trustees on  
and signed on its behalf by:

30-07-19.



**B Threlfall**

*Director and Chairman*



**C P Whytock**

*Director and Treasurer*



**A K Howson**

*Director and Secretary*

The notes on pages 15 to 21 form part of these financial statements.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Statement of Cash Flows For the year ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities:</b>		
Net income for the year	(8,554)	(75,521)
Adjustments for:		
Depreciation of tangible fixed assets	50,820	49,434
Loss on disposal of tangible fixed assets	170	2,843
Interest receivable	(10,091)	(3,982)
Increase in stocks	(855)	(507)
(Increase) / decrease in debtors	(6,631)	(2,202)
(Decrease) / increase in creditors	(1,850)	9,474
<b>Net cash (used in) / provided by operating activities</b>	<b>23,009</b>	<b>(20,461)</b>
	2019 £	2018 £
<b>Cash flows from investing activities:</b>		
Interest received	9,991	3,921
Purchase of other fixed assets	(80,819)	(147,804)
Purchase of current asset investments	(6,515)	(301,947)
<b>Net cash used in investing activities</b>	<b>(77,343)</b>	<b>(445,830)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(54,334)</b>	<b>(466,291)</b>
Cash and cash equivalents at the beginning of the year	345,777	812,068
<b>Total cash and cash equivalents at the end of the year</b>	<b>291,443</b>	<b>345,777</b>

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Accounting Policies

For the year ended 31 March 2019

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The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### General information

The Abbeyfield Lancaster Society Limited is a private company limited by guarantee domiciled and incorporated in England and Wales. The registered office is Chirside House, Abbeyfield Close, Scotforth, Lancaster, LA1 4NL

### Basis of preparation

The society is a public benefit entity and the financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

### Going concern

The trustees have concluded that it is appropriate to prepare the accounts on a going concern basis as there are no material uncertainties regarding going concern.

### Incoming resources

Income is recognised when the society has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Other trading income comprising rental income receivable is recognised on a receivable basis.

Other income is included in the SoFA in the year in which it is receivable.

Monetary donations to the society are included in the SoFA in the year in which they are receivable.

### Social Housing Grants

Social Housing Grant (SHG) is paid by Homes England to reduce the cost of developments. SHG is repayable under certain circumstances, primarily following the sale of a property, but any repayment will normally be restricted to the net proceeds of sale of the property. SHG is paid to Registered Social Housing Providers (RSHPs) to subsidise capital costs incurred in the provision of affordable housing and the resulting net cost is approximately equal to the economic value of the property in its designated use.

The grant is recognised in full as restricted income when the conditions described above are satisfied. Following the sale of a property, any social housing grant associated with that property which has not been recycled into a further property is recognised in restricted funds, until such time as it is recycled or becomes repayable.

### Other grants

Other grants are recognised in full when the conditions described above are satisfied

### Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measure reliably. It is categorised under the following headings:

- Expenditure on charitable activities including residential care for the frail elderly
- Investment management costs

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Accounting Policies

For the year ended 31 March 2019

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### Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include administrative support costs and governance costs. They are incurred directly in support of expenditure on the objects of the charity.

The analysis of these costs is included in note 3.

### Fixed assets

The cost of housing land and buildings includes the following:

- i) the cost of acquiring land and buildings;
- ii) development expenditure;
- iii) interest payable on the expenditure incurred up to the date of practical completion.

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

Freehold buildings	2%
Fixtures, fittings and equipment	10%
Office equipment	15%

### Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transactions costs. Subsequently they are measured at fair value with changes recognised in 'net gains/losses on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

### Stocks

Stocks are valued at the lower of cost and net realisable value.

### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid.

### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### Operating leases

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the term of the lease.

### Pension scheme

The society operates a defined contribution pension scheme for certain of its employees. Contributions paid are charged to the SoFA in the period to which they relate.

### Creditors and provisions

Creditors and provisions are recognised where the society has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## Accounting Policies

For the year ended 31 March 2019

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### Corporation tax and value added tax

The society has charitable status and is exempt from corporation tax on the charitable income it has received.

The society is not registered for VAT. Accordingly no VAT is charged to residents and expenses in the SoFA are inclusive of VAT.

### Fund accounting

Funds held by the society are either:-

#### Unrestricted general funds

- these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

#### Designated funds

- these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

#### Restricted funds

- these are funds that can only be used for particular restricted purposes within the objects of the society. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

### Financial instruments

The society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### Related party transactions

The society discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

### Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

### Judgements and key sources of estimation uncertainty

In the application of the of the Charitable Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. Incoming resources from charitable activities	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<i>Residential care for the frail elderly</i>				
Residential care fees	909,775	-	909,775	834,105
Other sundry income	40	-	40	25
	<b>909,815</b>	<b>-</b>	<b>909,815</b>	<b>834,130</b>

In the prior year total incoming resources from charitable activities were £834,130, all of which was unrestricted.

2. Investment income	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Building society interest	58	-	58	9
Investment interest and dividends	9,368	-	9,368	3,677
Bank interest	665	-	665	296
	<b>10,091</b>	<b>-</b>	<b>10,091</b>	<b>3,982</b>

In the prior year total incoming resources from investment income were £3,982, all of which was unrestricted.

3. Analysis of expenditure on charitable activities	Unrestricted Funds 2019 £	Restricted Funds 2018 £	Total Funds 2019 £	Total Funds 2018 £
<i>Residential care for the frail elderly</i>				
<b>Direct residential care costs</b>				
Payroll and other staff costs	661,331	-	661,331	661,303
Food and catering	51,267	-	51,267	48,927
Council tax, utilities and insurance	35,182	-	35,182	38,132
Registration charges	5,146	-	5,146	5,075
Premises, garden and equipment maintenance	50,449	-	50,449	38,242
Postage, stationery, advertising and telephone	5,499	-	5,499	6,311
Other sundry expenses	26,608	-	26,608	21,349
Depreciation and loss on disposal of fixed assets	21,076	29,260	50,336	51,820
<b>Administrative support costs</b>				
Payroll costs	22,718	-	22,718	21,949
Abbeyfield Society affiliation	9,215	-	9,215	8,921
Other sundry expenses	2,492	-	2,492	4,958
Depreciation and loss on disposal of fixed assets	654	-	654	457
<b>Governance costs</b>				
Independent examination and accountancy	5,720	-	5,720	5,485
	<b>897,357</b>	<b>29,260</b>	<b>926,617</b>	<b>912,929</b>

In the prior year total resources expended were £912,929, of which £27,694 was restricted and £885,235 was unrestricted.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. Net incoming resources	2019 £	2018 £
Net incoming resources is stated after charging :-		
Director's remuneration	8,758	8,486
Independent examiner's remuneration: as examiner	3,360	3,120
Independent examiner's remuneration: other services	1,378	1,382
Depreciation of tangible fixed assets	50,820	49,434
Operating lease payments - equipment	13,088	13,088

5. Staff costs and numbers	2019 £	2018 £
The aggregate payroll costs during the year amounted to :-		
Wages and salaries	633,835	635,824
Social security costs	39,136	36,372
Pension costs	7,292	4,278
	<b>680,263</b>	<b>676,474</b>

No employee received emoluments of more than £60,000 in either the current or previous year.

The society depends considerably on the commitment and enthusiasm of its volunteers. All the management of the society, through the various committees, is undertaken by volunteers. Volunteers also provide significant time and effort in assisting with the day to day operation of the home.

The average monthly number of employees during the year were:-	2019 Number	2018 Number
Administration - part time	2	2
Hostel staff - full time and part time	33	33
	<b>35</b>	<b>35</b>

The average monthly number of full time equivalent employees during the year were:

Administration	1	1
Hostel staff	25	26
	<b>26</b>	<b>27</b>

## 6. Trustees' remuneration and expenses

Remuneration of £8,758 (2018 - £8,486) in respect of secretarial services was paid to Mrs A K Howson, a director and trustee of the society, as permitted by the Memorandum and Articles of Association.

No remuneration was paid to any other director or trustee in either of the two years.

During the year the society reimbursed travel expenses incurred for the Abbeyfield National Conference and other Abbeyfield meetings to Mrs A K Howson, a director and trustee, amounting to £80 (2018 - £349). All amounts were paid during the year.

During the year the society paid £42,112 (2018 - £39,876) in remuneration to key management personnel.

## 7. Pension costs

The society makes defined contributions to employees personal pension plans. The assets of the schemes are held in separately administered funds. The pension cost charge represents contributions payable by the society and amounted to £7,292 (2018 - £4,277). An amount of £1,920 (2018: £1,078) was outstanding at the year end.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 8. Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2018	1,785,401	295,133	2,080,534
Additions	102,103	9,955	112,058
Disposals	-	(1,837)	(1,837)
<b>At 31 March 2019</b>	<b>1,887,504</b>	<b>303,251</b>	<b>2,190,755</b>
<b>Depreciation</b>			
At 1 April 2018	614,773	193,666	808,439
Charge for the year	34,950	15,870	50,820
Disposals	-	(1,667)	(1,667)
<b>At 31 March 2019</b>	<b>649,723</b>	<b>207,869</b>	<b>857,592</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>1,237,781</b>	<b>95,382</b>	<b>1,333,163</b>
<b>At 31 March 2018</b>	<b>1,170,628</b>	<b>101,467</b>	<b>1,272,095</b>

### 9. Stocks

	2019 £	2018 £
Food	1,491	1,730
Other sundry stocks	2,942	1,848
	<b>4,433</b>	<b>3,578</b>

Stock of £51,267 (2018: £48,927) has been recognised as an expense.

### 10. Debtors

	2019 £	2018 £
Trade debtors	6,712	2,273
Other debtors	174	25
Prepayments	10,863	8,820
Accrued income	205	105
	<b>17,954</b>	<b>11,223</b>

Trade debtors comprise of amounts due in respect of residents' fees.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

11. Investments	2019 £	2018 £
Listed investments	304,024	289,981
	<b>304,024</b>	<b>289,981</b>

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

12. Cash at bank and in hand	2019 £	2018 £
Bank deposit accounts	268,703	311,110
Bank current accounts	12,390	24,702
Building society account	9,256	9,226
Cash in hand	1,094	739
	<b>291,443</b>	<b>345,777</b>

13. Creditors: Amounts falling due within one year	2019 £	2018 £
Trade creditors	53,588	12,020
Other taxes and social security	14,519	13,378
Other creditors	3,556	2,399
Accruals and deferred income	34,694	49,171
	<b>106,357</b>	<b>76,968</b>

The average number of days between the receipt and payment of purchase invoices is 14 (2018 - 14).

### 14. Analysis of net assets between funds

	2019			
	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	95,382	375,031	862,750	1,333,163
Current assets	470,397	121,069	26,388	617,854
Current liabilities	(106,357)	-	-	(106,357)
	<b>459,422</b>	<b>496,100</b>	<b>889,138</b>	<b>1,844,660</b>
	2018			
	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	101,467	402,546	768,082	1,272,095
Current assets	379,750	120,809	150,000	650,559
Current liabilities	(76,968)	-	-	(76,968)
	<b>404,249</b>	<b>523,355</b>	<b>918,082</b>	<b>1,845,686</b>

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 15. Members

2019 Number	2018 Number
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There is no authorised share capital and the number of members, each of whose liability is limited to £1, at the year end was:

11	11
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No one person has overall control.

### 16. Movement in funds

		Balance at 1 April 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2019 £
<b>Unrestricted funds</b>						
<b>Designated reserves</b>						
Swainson Bursary Fund	i)	35,809	-	-	260	36,069
Repairs reserve	ii)	85,000	-	-	-	85,000
Charitable capital expenditure reserve	iii)	402,546	-	-	(27,515)	375,031
<b>Total designated funds</b>		<b>523,355</b>	<b>-</b>	<b>-</b>	<b>(27,255)</b>	<b>496,100</b>
General funds		404,249	928,444	(900,210)	26,939	459,422
<b>Total unrestricted funds</b>		<b>927,604</b>	<b>928,444</b>	<b>(900,210)</b>	<b>(316)</b>	<b>955,522</b>
<b>Restricted funds</b>						
Fixed asset restricted fund	iv)	768,082	-	(29,260)	123,928	862,750
Disposals proceeds fund	v)	150,000	-	-	(123,612)	26,388
<b>Total restricted funds</b>		<b>918,082</b>	<b>-</b>	<b>(29,260)</b>	<b>316</b>	<b>889,138</b>
<b>Unrestricted funds</b>						
<b>Designated reserves</b>						
Swainson Bursary Fund	i)	35,690	-	-	119	35,809
Repairs reserve	ii)	85,000	-	-	-	85,000
Charitable capital expenditure reserve	iii)	309,909	-	-	92,637	402,546
<b>Total designated funds</b>		<b>430,599</b>	<b>-</b>	<b>-</b>	<b>92,756</b>	<b>523,355</b>
General funds		556,798	839,127	(898,920)	(92,756)	404,249
<b>Total unrestricted funds</b>		<b>987,397</b>	<b>839,127</b>	<b>(898,920)</b>	<b>-</b>	<b>927,604</b>
<b>Restricted funds</b>						
Fixed asset restricted fund	iv)	795,776	-	(27,694)	-	768,082
Disposals proceeds fund	v)	150,000	-	-	-	150,000
<b>Total restricted funds</b>		<b>945,776</b>	<b>-</b>	<b>(27,694)</b>	<b>-</b>	<b>918,082</b>

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 16. Movement in funds (cont.)

The Charitable Capital Expenditure Reserve represents the net cost of the society's property after the deduction of grants received and depreciation. The transfer of £27,515 from this reserve to the Revenue Reserve in the year ended 31 March 2019 represents recycled grant less the cost of additions and depreciation against unrestricted funds of Chirnside House property for the year.

#### Purposes of designated funds

##### i) Swainson Bursary Fund

This reserve reflects donations and legacies received which will be used to assist residents who are unable to meet the full cost of their accommodation.

##### ii) Repairs reserve

This reserve represents an amount set aside to carry out future major repairs on completed housing properties. The level of the reserve has been assessed by the trustees in the light of the current condition of the property, the probable expenditure required in the foreseeable future, and the availability of grants for such work.

##### iii) Charitable capital expenditure reserve

This represents that portion of the cost of the society's property which has been financed by charitable donations.

#### Purposes of restricted funds

##### iv) Fixed asset restricted fund

This reserve relates to capital expenditure by the charity funded from grants received for that purpose.

##### v) Disposal proceeds fund

This reserve represents Social Housing Grant received towards the cost of developments which have subsequently been sold. Such grants must either be recycled into further developments or repaid.

### 17. Financial instruments

2019	2018
£	£

#### **Financial assets**

Financial assets measured at amortised cost

298,155	348,050
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Financial assets at fair value through profit or loss

304,024	289,981
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#### **Financial liabilities**

Financial liabilities measured at amortised cost

53,588	12,020
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Financial assets measured at amortised cost comprise:

Trade debtors of £6,712 (2018: £2,273) incurred in the normal course of the charity's activities. The balances are recoverable within one year.

Cash balances of £291,443 (2018: £345,777).

Financial assets at fair value through profit or loss:

The fair value is determined by reference to the market value of the investments listed on the UK stock exchange, £304,024 (2018: £289,981).

Financial liabilities measured at amortised cost comprise:

Trade creditors of £53,588 (2018: £12,020) as detailed in note 13 to the financial statements. The balances are due within one year.

# THE ABBEYFIELD LANCASTER SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 18. Operating lease commitments

At the reporting end date the society had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
<b>Equipment</b>		
Within one year	6,544	13,088
Between two to five years	-	6,544
After more than five years	-	-
	<b>6,544</b>	<b>19,632</b>

### 19. Capital commitments

At the balance sheet date the society has capital commitments amounting to £Nil (2018 - £Nil).

### 20. Operating costs from lettings

	2019 £	2018 £
Special needs accommodation - 30 units (2018 - 30 units)		
Services	824,382	820,863
Management	40,799	41,770
Routine maintenance	32,176	22,602
	<b>897,357</b>	<b>885,235</b>